

January 10, 1974

SENATOR WHITNEY: I don't exactly understand the question but of the total amount of money that they would have available to invest, then they could not invest any more than this particular percentage. But, what is that total amount of money.

SENATOR DE CAMP: That's what I'm saying.

SENATOR WHITNEY: The total amount of money and I'd like to have Senator Carpenter listen to this. The total amount of money includes in my judgment the \$93 million that we've had on investment every day on the average through the past year of state treasury's funds. Now, a lot of that money has been there because we just haven't been ready to spend it yet. Like federal revenue sharing has been excessive. Many more millions of dollars than we've distributed to the various political sub-divisions of government. And, we're not always going to have that great amount of federal revenue sharing funds. They're going to be reduced. Okay. That's going to reduce the total amount of funds so this amendment not more than that percent of the total of money held on January 1, 1974, which shall be invested in this class. That total includes that short term securities that we're going to have reduction of and that, therefore, we would have to sell some stocks.

SENATOR DE CAMP: Okay. Then, the next question so I can better understand the two positions here. As I understand it, Senator Carpenter would like to stay out of any further investments in common stocks on the theory that if there is a serious decline in the market, the state would not be any further damaged than it might at this particular moment in time. And, he would like to stick with bonds because of the known additional security that bonds represent even though you don't stand the opportunity to make as much money from your bonds. It's much more secure and his position then is that we shouldn't be allowed, so to speak, speculate with the state's money. Now, if I understand your position, you would feel apparently because of the depressed market condition at this time, it might be wise for the state to be getting more heavily into the market so that if there were an appreciation in the market, the state would stand to gain greatly. Is this essentially correct?

SENATOR WHITNEY: Yes.

SENATOR DE CAMP: Thank you.

PRESIDENT: Senator Nore.

SENATOR NORE: Mr. President, I know we spent a lot of time here. I'd like to ask Senator Whitney a question. Now, do you, does your investment council study the financial editor's reports of the Chicago Tribune, New York Times, the Sun-Times of Chicago....

SENATOR WHITNEY: They study all of the available research information.

SENATOR NORE: Yes, they do that, don't they?

SENATOR WHITNEY: Beg pardon?

SENATOR NORE: Do you realize that...who these financial editors are on these large newspapers?

SENATOR WHITNEY: Yes.

SENATOR NORE: They're usually folks who have not been able to make it on the newspaper. So, instead of relieving them and having them become unemployed, they make them financial editors and you know what they do? They go around to these corporations and gather up their good news and publish it. That's what it amounts to. It just isn't worth anything.

PRESIDENT: Read the motion on the desk.

CLERK: Well, I have a motion to adjourn, Mr. President. But I have some reports that should go in.